

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

IN THE MATTER OF THE APPLICATION OF
RIO RICO UTILITIES, INC. FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES FOR
UTILITY SERVICE THEREON.

DOCKET NO. WS-02676A-09-0257

**STAFF'S NOTICE OF FILING
FINAL SCHEDULES**

The Staff of the Arizona Corporation Commission ("Staff") hereby files its Final Schedules in the above-referenced matter.

For the Water Division, Staff made an adjustment of \$17,564.00 to Regulatory Commission (Rate Case) expense. For the Wastewater Division, Staff made an adjustment of \$994.00 to Regulatory Commission.

RESPECTFULLY SUBMITTED this 9th day of April, 2010.

Robin R. Mitchell, Staff Attorney
Kimberly Ruht, Staff Attorney
Legal Division
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Original and thirteen (13) copies
of the foregoing were filed this
9th day of April, 2010 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

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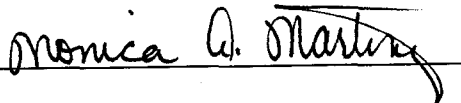
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1 Copy of the foregoing emailed and/or
2 mailed this 9th day of April, 2010 to:

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RIO RICO UTILITIES, INC. WATER DIVISION

Docket No. WS-02676A-09-0257

Test Year Ended December 31, 2008

FINAL TESTIMONY OF GERALD BECKER

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GWB- 21	OPERATING INCOME ADJUSTMENT #10 - TRANSPORTATION EXPENSE

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 8,455,519	\$ 8,455,519	\$ 7,808,822	\$ 7,808,822
2	Adjusted Operating Income (Loss)	\$ (214,606)	\$ (214,606)	\$ (104,006)	\$ (104,006)
3	Current Rate of Return (L2 / L1)	-2.54%	-2.54%	-1.33%	-1.33%
4	Required Rate of Return	12.40%	12.40%	9.20%	9.20%
5	Required Operating Income (L4 * L1)	\$ 1,048,484	\$ 1,048,484	\$ 718,412	\$ 718,412
6	Operating Income Deficiency (L5 - L2)	\$ 1,263,090	\$ 1,263,090	\$ 822,417	\$ 822,417
7	Gross Revenue Conversion Factor	1.6286	1.6286	1.6356	1.6356
8	Required Revenue Increase (L7 * L6)	\$ 2,057,065	\$ 2,057,065	\$ 1,345,120	\$ 1,345,120
9	Adjusted Test Year Revenue	\$ 1,847,256	\$ 1,847,256	\$ 1,847,256	\$ 1,847,256
10	Proposed Annual Revenue (L8 + L9)	\$ 3,904,321	\$ 3,904,321	\$ 3,192,376	\$ 3,192,376
11	Required Increase in Revenue (%)	111.36%	111.36%	72.82%	72.82%
12	Rate of Return on Common Equity (%)	12.40%	12.40%	9.20%	9.20%

References:

Column [A]: Company Schedule A-1

Column (B): Company Schedule A-1

Column (C): Staff Schedules GWB-2, GWB-3, and GWB-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	38.8592%					
5	Subtotal (L3 - L4)	61.1408%					
6	Revenue Conversion Factor (L1 / L5)	1.635568					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	37.8739%					
9	One Minus Combined Income Tax Rate (L7 - L8)	62.1261%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.9680%					
14	Federal Taxable Income (L12 - L13)	93.0320%					
15	Applicable Federal Income Tax Rate (Line 44)	33.2207%					
16	Effective Federal Income Tax Rate (L14 x L15)	30.9059%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		37.8739%				
<u>Calculation of Effective Property Tax Factor</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	37.8739%					
20	One Minus Combined Income Tax Rate (L18-L19)	62.1261%					
21	Property Tax Factor (GTM-14, L24)	1.5860%					
22	Effective Property Tax Factor (L20*L21)		0.9853%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			38.8592%			
24	Required Operating Income (Schedule GWB-1, Line 5)	\$ 718,412					
25	Adjusted Test Year Operating Income (Loss) (Schedule GWB-10, Line 42)	\$ (104,006)					
26	Required Increase in Operating Income (L24 - L25)		\$ 822,417				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 451,619					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ (49,750)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 501,369				
30	Recommended Revenue Requirement (Schedule GWB-1, Line 10)	\$ 3,192,376					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue (GTM-15, 20)	\$ 109,543					
36	Property Tax on Test Year Revenue (GTM-15, Col A, L16)	\$ 88,210					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 21,333				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 1,345,120				
<u>Calculation of Income Tax:</u>							
39	Revenue (Sch GWB-10, Col.(C) L4, GWB-1, Col. (D), L9)	\$ 3,677,232	\$ 1,847,256	\$ 1,829,976	\$ 4,718,440	\$ 3,192,376	\$ 1,526,064
40	Operating Expenses Excluding Income Taxes	\$ 3,048,396	\$ 2,001,012	\$ 1,047,384	\$ 3,064,909	\$ 2,022,345	\$ 1,042,564
41	Synchronized Interest (L58)						
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 628,836	\$ (153,756)	\$ 782,592	\$ 1,653,532	\$ 1,170,032	\$ 483,500
43	Arizona State Income Tax Rate		6.9680%	6.9680%	6.9680%	6.9680%	6.9680%
44	Arizona Income Tax (L42 x L43)	\$ 43,817	\$ (10,714)	\$ 54,531	\$ 115,218	\$ 81,528	\$ 33,690
45	Federal Taxable Income (L42 - L44)	\$ 585,019	\$ (143,042)	\$ 728,061	\$ 1,538,314	\$ 1,088,504	\$ 449,810
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ -	\$ (7,500)	\$ 7,500	\$ 7,500		
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ -	\$ (6,250)	\$ 6,250	\$ 6,250		
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ (8,500)	\$ 8,500	\$ 8,500		
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 74,864	\$ (16,786)	\$ 91,650	\$ 91,650		
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 133,641	\$ -	\$ 133,641	\$ 409,127		
51	Total Federal Income Tax	\$ 208,504	\$ (39,036)	\$ 247,541	\$ 523,027	\$ 370,091	\$ 152,936
52	Combined Federal and State Income Tax (L44 + L51)	\$ 252,322	\$ (49,750)	\$ 302,072	\$ 638,245	\$ 451,619	\$ 186,626
53	Effective Tax Rate				32.9932%		
54	Effective Tax Rate					33.2206%	
55	Effective Tax Rate						33.9999%
<u>Calculation of Interest Synchronization:</u>							
56	Rate Base (Schedule GWB-3, Col. (C), Line 17)			\$ 7,808,822			
57	Weighted Average Cost of Debt			0.0000%			
58	Synchronized Interest (L56 X L57)			\$ -			

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1 Plant in Service	\$ 34,059,804	\$ -	\$ 34,059,804
2 Less: Accumulated Depreciation	12,472,661	(48,724)	12,423,937
3 Net Plant in Service	<u>\$ 21,587,143</u>	<u>\$ 48,724</u>	<u>\$ 21,635,867</u>
<u>LESS:</u>			
4 Contributions in Aid of Construction (CIAC)	\$ 20,188,921	\$ (48,724)	\$ 20,140,197
5 Less: Accumulated Amortization	6,628,197	-	6,628,197
6 Net CIAC	<u>13,560,724</u>	<u>(48,724)</u>	<u>13,512,000</u>
7 Advances in Aid of Construction (AIAC)	73,648	48,724	122,372
8 Imputed Reg AIAC	-	-	-
9 Imputed Reg CIAC	-	-	-
10 Deferred Income Tax Credits (Debits)	(778,203)	695,421	(82,782)
Customer Meter Deposits	275,455		275,455
<u>ADD:</u>			
11 Cash Working Capital		-	-
12 Prepayments		-	-
13 Supplies Inventory		-	-
14 Projected Capital Expenditures		-	-
15 Deferred Debits		-	-
16 Purchase Wastewater Treatment Charges	-	-	-
17 Original Cost Rate Base	<u>\$ 8,455,519</u>	<u>\$ (646,697)</u>	<u>\$ 7,808,822</u>

References:

Column (A), Company Schedule B-2
Column (B): Schedule GWB-4
Column (C): Column (A) + Column (B)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 GWB-5	[C] ADJ #2 GWB-6 Not Used	[D] ADJ #3 GWB-7	[E] ADJ #4 GWB-8	[F] STAFF ADJUSTED
<u>PLANT IN SERVICE:</u>								
1	301	Organization Cost	\$ 5,785					\$ 5,785
2	302	Franchise Cost	417					417
3	303	Land and Land Rights	44,194					44,194
4	304	Structures and Improvements	2,732,833					2,732,833
5	305	Collecting and Impounding Res.	-					-
6	306	Lake River and Other Intakes	-					-
7	307	Wells and Springs	563,512					563,512
8	308	Infiltration Galleries and Tunnels	-					-
9	309	Supply Mains	279,154					279,154
10	310	Power Generation Equipment	197,120					197,120
11	311	Electric Pumping Equipment	2,591,971					2,591,971
12	320	Water Treatment Equipment	372,970	(372,970)				0
13	320.1	Water Treatment Equipment	-	372,970				372,970
14	320.2	Chemical Solution Feeders	-					-
15	330	Distribution Reservoirs & Standpipe	759,861	(759,861)				0
16	330.1	Storage tanks	-	759,861				759,861
17	330.2	Pressure Tanks	-					-
18	331	Transmission and Distribution Mains	22,089,150					22,089,150
19	333	Services	2,209,274	-				2,209,274
20	334	Meters	956,605					956,605
21	335	Hydrants	568,578					568,578
22	336	Backflow Prevention Devices	3,848					3,848
23	339	Other Plant and Miscellaneous Equipment	121,843					121,843
24	340	Office Furniture and Fixtures	22,986					22,986
25	340.1	Computers and Software	76,919					76,919
26	341	Transportation Equipment	218,945					218,945
27	342	Stores Equipment	-					-
28	343	Tools and Work Equipment	15,035					15,035
29	344	Laboratory Equipment	3,061					3,061
30	345	Power Operated Equipment	-					-
31	346	Communications Equipment	218,041					218,041
32	347	Miscellaneous Equipment	7,701					7,701
33	348	Other Tangible Plant	-					-
34								
35		Total Plant in Service	34,059,804	-	-	-	-	34,059,804
36								
37		Accumulated Depreciation	12,472,661	(48,724)				12,423,937
38		Net Plant in Service (L58 - L 59)	\$ 21,587,143	\$ 48,724	\$ -	\$ -	\$ -	\$ 21,635,867
39								
40		<u>LESS:</u>						
41		Contributions in Aid of Construction (CIAC)	\$ 20,188,921				\$ (48,724)	\$ 20,140,197
42		Less: Accumulated Amortization	6,628,197	-	-			6,628,197
43		Net CIAC (L63 - L64)	13,560,724		-	-	(48,724)	13,512,000
44		Advances in Aid of Construction (AIAC)	73,648				48,724	122,372
45		Imputed Reg Advances	-	-	-		-	-
46		Imputed Reg CIAC	-	-	-		-	-
47		Deferred Income Tax Credits (Debits)	(778,203)	-	-	695,421	-	(82,782)
48		Customer Meter Deposits	275,455					275,455
49		<u>ADD:</u>						
50		Working Capital Allowance		-		-	-	-
51		Pumping Power		-	-	-	-	-
52		Purchase Wastewater Treatment Charges		-	-	-	-	-
53		Material and Supplies Inventory		-	-	-	-	-
54		Prepayments		-	-	-	-	-
55		Projected Capital Expenditures		-	-	-	-	-
56		Deferred Debits		-	-	-	-	-
57		Original Cost Rate Base	\$ 8,455,519	\$ 48,724	\$ -	\$ (695,421)	\$ -	\$ 7,808,822

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-5
FINAL

RATE BASE ADJUSTMENT #1 - TO RECLASSIFY PLANT

LINE NO.	ACCT NO.	Description <u>Gross Additions</u>	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	320	Water Treatment Equipment	\$ 372,970	\$ (372,970)	-
2	320.1	Water Treatment Equipment	-	\$ 372,970	\$ 372,970
3	330	Distribution Reservoirs & Standpipe	\$ 759,861	\$ (759,861)	-
4	330.1	Storage tanks	-	\$ 759,861	\$ 759,861

References:

Column [A]: Amounts included in plant balances per filing.

Column (B): Per Testimony GWB

Column (C): Column [A] less Column [B]

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB- 6
FINAL

RATE BASE ADJUSTMENT #2 - NOT USED

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB - 7
FINAL

RATE BASE ADJUSTMENT #3 - ACCUMULATED DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	ADIT at December 31, 2008	\$ (778,203)	\$ 695,421	\$ (82,782)
		<u>\$ (778,203)</u>	<u>\$ 695,421</u>	<u>\$ (82,782)</u>

REFERENCES:

Columns [A]: Company schedules
Column [B]: Column [C] less Column [A]
Column [C]: See testimony GWB

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-8
FINAL

**RATE BASE ADJUSTMENT #4 - ADVANCES IN AID OF CONSTRUCTION
& CONTRIBUTIONS IN AID OF CONSTRUCTION**

LINE NO.	ACCT NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	AIAC		\$ 73,648.00	\$ 48,724	\$ 122,372
2	CIAC		\$ 20,188,921	\$ (48,724)	\$ 20,140,197

References:

Column [A]: Amounts included in plant balances per filing.

Column (B): Per Testimony GWB

Column (C): Column [A] less Column [B]

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-9
FINAL

Schedule GWB-9 NOT USED

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Water Revenues	\$ 1,802,584	\$ -	\$ 1,802,584	\$ 1,345,120	\$ 3,147,704
2	Other Revenues	44,672	-	44,672	-	44,672
3	Other	-	-	-	-	-
4	Total Operating Revenues	\$ 1,847,256	\$ -	\$ 1,847,256	\$ 1,345,120	\$ 3,192,376
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	\$ -	-	-	-	\$ -
7	Purchased Power	\$ 441,501	(48,005)	393,496	-	\$ 393,496
8	Fuel for Power Production	\$ -	-	-	-	\$ -
9	Chemicals	\$ 9,347	-	9,347	-	\$ 9,347
10	Materials & Supplies	\$ 23,150	-	23,150	-	\$ 23,150
11	Outside Services	\$ 805,032	(95,067)	709,965	-	\$ 709,965
12	Outside Services- Other	\$ 76,859	(14,477)	62,382	-	\$ 62,382
13	Outside Services- Legal	\$ 487	-	487	-	\$ 487
14	Water Testing (incl in line 13)	\$ -	-	-	-	\$ -
15	Rents	\$ 26,954	-	26,954	-	\$ 26,954
16	Transportation Expenses	\$ 79,315	(6,725)	72,590	-	\$ 72,590
17	Insurance - General Liability	\$ 37,699	-	37,699	-	\$ 37,699
18	Insurance - Health and Life	\$ -	-	-	-	\$ -
19	Reg. Comm. Exp.	\$ 17,564	-	17,564	-	\$ 17,564
20	Reg. Comm. Exp. - Rate Case	\$ 70,000	-	70,000	-	\$ 70,000
21	Miscellaneous Expense	\$ 14,822	-	14,822	-	\$ 14,822
22	Bad Debt Expense	\$ 371	-	371	-	\$ 371
23	Depreciation Expense	\$ 463,297	10,678	473,975	-	\$ 473,975
24	Taxes Other Than Income	\$ -	-	-	-	\$ -
25	Property Taxes	\$ 130,373	(42,163)	88,210	21,333	\$ 109,543
26	Income Tax	\$ (134,909)	85,159	(49,750)	501,369	\$ 451,619
27						
28	Total Operating Expenses	\$ 2,061,862	(110,600)	1,951,262	522,702	\$ 2,473,964
29	Operating Income (Loss)	\$ (214,606)	\$ 110,600	\$ (104,006)	\$ 822,418	\$ 718,412

References:

Column (A): Company Schedule C-1
Column (B): Schedule GWB 11
Column (C): Column (A) + Column (B)
Column (D): Schedules GWB 2
Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Purchased Power ADJ #1 GWB-12	[C] Depreciation Exp. ADJ #2 GWB-13	[D] Rate Case Exp ADJ #3 GWB-14	[E] Property Taxes ADJ #4 GWB-15	[F] Income Taxes ADJ #5 GWB-16	[G] NOT USED ADJ #6 GWB-17	[H] Out of Period ADJ #7 GWB-18	[I] NOT USED ADJ #8 GWB-19	[J] Corporate Exp ADJ #9 GWB-20	[K] Trans. Exp ADJ #10 GWB-21	[L] STAFF ADJUSTED
1													
2	Water Revenues	\$ 1,802,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,802,584
3	Other Revenues	44,672	-	-	-	-	-	-	-	-	-	-	44,672
4	Other	-	-	-	-	-	-	-	-	-	-	-	-
5	Total Operating Revenues	\$ 1,847,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,847,256
6	Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-	-
7	Purchased Water	\$ -	-	-	-	-	-	-	-	-	-	-	-
8	Purchased Power	441,501	(48,005)	-	-	-	-	-	-	-	-	-	393,496
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-	-	-
10	Chemicals	9,347	-	-	-	-	-	-	-	-	-	-	9,347
11	Materials & Supplies	23,150	-	-	-	-	-	-	-	-	-	-	23,150
12	Outside Services	805,032	-	-	-	-	-	-	-	-	(95,067)	-	709,965
13	Outside Services- Other	76,859	-	-	-	-	-	-	(14,477)	-	-	-	62,382
14	Outside Services- Legal	487	-	-	-	-	-	-	-	-	-	-	487
15	Water Testing (incl in line 13)	-	-	-	-	-	-	-	-	-	-	-	-
16	Rents	26,954	-	-	-	-	-	-	-	-	-	-	26,954
17	Transportation Expenses	78,315	-	-	-	-	-	-	-	-	-	(6,725)	72,590
18	Insurance - General Liability	37,699	-	-	-	-	-	-	-	-	-	-	37,699
19	Insurance - Health and Life	-	-	-	-	-	-	-	-	-	-	-	-
20	Reg. Comm. Exp.	17,564	-	-	-	-	-	-	-	-	-	-	17,564
21	Reg. Comm. Exp. - Rate Case	70,000	-	-	-	-	-	-	-	-	-	-	70,000
22	Miscellaneous Expense	14,822	-	-	-	-	-	-	-	-	-	-	14,822
23	Bad Debt Expense	371	-	-	-	-	-	-	-	-	-	-	371
24	Depreciation Expense	463,297	-	10,678	-	-	-	-	-	-	-	-	473,975
25	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-	-	-
26	Property Taxes	130,373	-	-	-	(42,163)	-	-	-	-	-	-	88,210
27	Income Tax	(134,909)	-	-	-	-	85,159	-	-	-	-	-	(49,750)
28													
29													
30	Total Operating Expenses	\$ 2,061,862	\$ (48,005)	\$ 10,678	\$ -	\$ (42,163)	\$ 85,159	\$ -	\$ (14,477)	\$ -	\$ (95,067)	\$ (6,725)	\$ 1,951,262
31	Operating Income (Loss)	\$ (214,606)	\$ 48,005	\$ (10,678)	\$ -	\$ 42,163	\$ (85,159)	\$ -	\$ 14,477	\$ -	\$ 95,067	\$ 6,725	\$ (104,006)

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-12
FINAL

OPERATING INCOME ADJUSTMENT #1 - RECLASSIFY POWER FROM WASTEWATER

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Purchased Power	<u>\$ 441,501</u>	<u>\$ (48,005)</u>	<u>\$ 393,496</u>

References:

Column (A), Company Schedule C-1
Column (B): Testimony GWB
Column (C): Column (A) + Column (B)

OPERATING INCOME ADJUSTMENT #2- DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	[A] PLANT BALANCE	[B] DEPRECIATION RATE	[C] DEPRECIATION EXPENSE
1		<u>PLANT IN SERVICE:</u>			
2	301	Organization Cost	5,785	0.00%	-
3	302	Franchise Cost	417	0.00%	-
4	303	Land and Land Rights	44,194	0.00%	-
5	304	Structures and Improvements	2,732,833	3.33%	91,003
6	305	Collecting and Impounding Res.	-	2.50%	-
7	306	Lake River and Other Intakes	-	2.50%	-
8	307	Wells and Springs	563,512	3.33%	18,765
9	308	Infiltration Galleries and Tunnels	-	6.67%	-
10	309	Supply Mains	279,154	2.00%	5,583
11	310	Power Generation Equipment	197,120	5.00%	9,856
12	311	Electric Pumping Equipment	2,591,971	12.50%	323,996
13	320.0	Water Treatment Equipment	0	3.33%	0
14	320.1	Water Treatment Equipment	372,970	3.33%	12,420
15	320	Chemical Solution Feeders	-	0.00%	-
16	330.0	Distribution Reservoirs & Standpipe	0	0.00%	-
17	330.1	Storage tanks	759,861	2.22%	16,869
18	330.2	Pressure Tanks	-	5.00%	-
19	331	Transmission and Distribution Mains	22,089,150	2.00%	441,783
20	333	Services	2,209,274	3.33%	73,569
21	334	Meters	956,605	8.33%	79,685
22	335	Hydrants	568,578	2.00%	11,372
23	336	Backflow Prevention Devices	3,848	6.67%	257
24	339	Other Plant and Miscellaneous Equipment	121,843	6.67%	8,127
25	340.0	Office Furniture and Fixtures	22,986	6.67%	1,533
26	340.1	Computers and Software	76,919	20.00%	-
27	341	Transportation Equipment	218,945	20.00%	43,789
28	342	Stores Equipment	-	4.00%	-
29	343	Tools and Work Equipment	15,035	5.00%	752
30	344	Laboratory Equipment	3,061	10.00%	306
31	345	Power Operated Equipment	-	5.00%	-
32	346	Communications Equipment	218,041	10.00%	21,804
33	347	Miscellaneous Equipment	7,701	10.00%	770
34	348	Other Tangible Plant	-	0.00%	-
35		Total Plant in Service	34,059,804		1,162,239
36					
37					
38		Less Non Depreciable Plant			
39	301.00	Organization Cost	5,785	0.00%	-
40	303.00	Land and Land Rights	44,194	0.00%	-
41	306.00	Lake River and Other Intakes	-	0.00%	-
42					
43		Net Depreciable Plant and Depreciation Amounts	\$ 34,009,825		\$ 1,162,239
44		Composite Depreciation Rate		3.4174%	
45		Less			
46		Amortization of Regulatory CIAC at Settlement Rate			-
47		Amortization of CIAC at Composite Rate	\$ 20,140,197		\$ 688,263
48		Staff Recommended Depreciation Expense			\$ 473,975
49		Company Proposed Depreciation Expense			463,297
50		Staff Adjustment			\$ 10,678

References:

Col A Schedule GWB-4
Col B Rate per Engineering Report
Col C Col A time Col B

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
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Schedule GWB-14
FINAL

OPERATING INCOME ADJUSTMENT #3 - NOT USED

OPERATING INCOME ADJUSTMENT #4 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,847,256	\$ 1,847,256
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,694,512	3,694,512
4	Staff Recommended Revenue	1,847,256	3,192,376
5	Subtotal (Line 4 + Line 5)	5,541,768	6,886,888
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,847,256	2,295,629
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,694,512	4,591,259
10	Plus: 10% of CWIP - 2005	13,454	13,454
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,707,966	4,604,713
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	778,673	966,990
15	Composite Property Tax Rate - Obtained from ADOR	11.33%	11.33%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 88,210	
17	Company Proposed Property Tax	\$ 130,373	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>\$ (42,163)</u>	
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$ 109,543
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 88,210
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ 21,333</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$ 21,333
23	Increase in Revenue Requirement		\$ 1,345,120
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.58596%

REFERENCES:

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue
Line 17: Company Schedule C-1, Line 27
Line 21: Line 19 - Line 20
Line 23: Schedule GWB-1, Line 8

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-16
FINAL

OPERATING INCOME ADJUSTMENT #5 - INCOME TAXES

LINE ACCT NO. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	\$ (134,909)	\$ 85,159	\$ (49,750)

References:

Column (A), Company Schedule C-2
Column (B): Testimony GTM
Column (C): Column (A) + Column (B)

RIO RICO UTILITIES, INC. WATER DIVISION
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Schedule GWB-17
FINAL

OPERATING INCOME ADJUSTMENT #6 - NOT USED

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-18
FINAL

OPERATING INCOME ADJUSTMENT #7 - OUT OF PERIOD EXPENSE

LINE ACCT NO. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Outside Services- Other	\$ 14,477	\$ (14,477)	\$ -

References:

Column (A), Company Schedule C-2
Column (B): Testimony GWB
Column (C): Column (A) + Column (B)

RIO RICO UTILITIES, INC. WATER DIVISION
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Schedule GWB-19
FINAL

OPERATING INCOME ADJUSTMENT #8 - NOT USED

OPERATING INCOME ADJUSTMENT #9 - CORPORATE EXPENSE ALLOCATION

LINE NO.		[A] Corporate Costs As Filed Total Budget 2008	[B] Per DR 4.2 Total Actual \$ 2,008	[C] Rio Rico Total Budget 2008	[D] Total Actual 2008					
1	Audit	507,000	1,021,609	17,672	35,608					
2	Tax Services	265,000	322,446	9,237	11,239					
3	Legal	300,000	767,451	10,457	26,750					
4	Other Professional Services	455,000	565,649	15,859	22,404					
5	Management Fee - Total	636,619	642,771	22,190	10,101					
6	Unit Holder Communications	314,100	289,796	10,948	4,496					
7	Trustee Fees	204,000	129,000	7,110	4,496					
8	Escrow & Transfer Agent Fees	75,000	71,366	2,614	2,487					
9	Rent	430,739	299,586	15,014	10,442					
10	Licenses/Fees & Permits	305,000	140,852	10,631	4,909					
11	Office Expenses	254,000	808,101	8,853	28,167					
12	Depreciation	204,242	211,253	7,119	7,363					
13										
14	Total Admin Costs	3,950,700	5,269,882	137,703	168,464					
15										
16	Variance from Budget		1,319,182		30,761					
17										
18	Total Amount Charged in case		137,703							
19										
20	Percentage		3.49%							
21										
22										
23										
24		[E] Total Actuals 2008	[F] Disallowance Amount	[G] Costs Allocable to APIF	[H] Allowable Common costs to 70 Companies	[I] Allocation (1/70)	[J] Cost to be Allocated to Rio Rico	[K] Amount in Filing	[L] Adjustment	Note
26	Staff Disallowances									
27	Audit	1,021,609	-	(919,448)	91,945	1.43%	1,313	17,672	(16,358)	
28	Tax Services	322,446	190,849	(118,437)	11,844	1.43%	169	9,237	(9,067)	(1)
29	Legal	767,451	10,457	(681,295)	68,130	1.43%	973	10,457	(9,483)	(2)
30	Other Professional Services	565,649	-	(565,649)	-	1.43%	-	15,859	(15,859)	(3)
31	Management Fee - Total	642,771	-	(642,771)	-	1.43%	-	22,190	(22,190)	
32	Unit Holder Communications	289,796	-	(289,796)	-	1.43%	-	10,948	(10,948)	
33	Trustee Fees	129,000	-	(129,000)	-	1.43%	-	7,110	(7,110)	
34	Escrow & Transfer Agent Fees	71,366	-	(71,366)	-	1.43%	-	2,614	(2,614)	
35	Rent	299,586	-	(299,586)	-	1.43%	-	15,014	(15,014)	
36	Licenses/Fees & Permits	140,852	140,852	(0)	-	1.43%	-	10,631	(10,631)	(4)
37	Office Expenses	808,101	-	(808,101)	-	1.43%	-	8,853	(8,853)	
38	Depreciation	211,253	-	(190,128)	19,013	1.43%	272	7,119	(6,847)	
39				-	-		-	-	-	
40	Total Admin Costs	5,269,882	342,158	(4,715,579)	190,931		2,728	137,703	(134,975)	
41										
42							Currency Adj. US Dollars		(7,829)	
43									(127,147)	
44	References:									
45	Column (A): Company Schedule C-2 Based on \$3.95 M						Staff	Can \$	US \$	
46	Column (B): Company Response to DR GWB 4.2 Based on \$5.27 M						Recomm.	Adjustment	Adj.	
47	Column (C): Company's Original Estimate of allocated cost, based on Budget, per filing						As Filed			
48							Water	2,039	(100,921)	(95,067)
49							Wastewater	688	(34,059)	(32,083)
50							Total	2,728	(134,979)	(127,150)
51	Column (D): Company's Revised Original Estimate of allocated costs, based on 2008 Actuals, per Company Response to DR GWB 4.2									
52	Column (E): Staff Recommended Disallowance									
53	Column (F): Company Revised amount subject to allocation, less Staff Recommended disallowance									
54	Column (G): Per testimony GWB, Staff's estimate of common costs benefitting unregulated parties									
55	Column (H): Rio Rico is 1 of 70 companies held by the parent (APIF)									
56	Column (I): Total amount allocable to Infrastructure									
57	Column (J): Per Company response to Staff DR 4.2, Based on Budget Amounts									
58	Column (K): Total amount allocable to Infrastructure									
59										
60										
61	Note:									
62	(1) Cost specific to Canadian Tax Service									
63	(2) No indication on ledger that costs benefitted AZ									
64	(3) This account is used mostly for business development									
65	(4) Account used for charity, entertainment, etc									

Note: At 'the last minute', Staff noted a minor computational error whereby the allocations to Water and Wastewater should have been \$2,039 and \$688, respectively, for a total of \$2,728, instead of the \$1,363 and \$460, respectively, for a total of \$1,823 used in Staff Direct Testimony, for differences of \$676 and \$228, respectively, and a total difference of \$904 (all in Can dollars). The net adjustment, or increase to expenses is \$852 in US dollars, which is not considered material but is corrected in the surrebuttal testimony.

RIO RICO UTILITIES, INC. WATER DIVISION
Docket No. WS-02676A-09-0257
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Schedule GWB-21
FINAL

OPERATING INCOME ADJUSTMENT #10 - TRANSPORTATION EXPENSE

LINE ACCT NO. NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Transportation Expenses	\$ 79,315	\$ (6,725)	\$ 72,590

References:

Column (A), Company Schedule C-2
Column (B): Testimony GWB
Column (C): Column (A) + Column (B)

RIO RICO UTILITIES, INC. WASTEWATER DIVISION

Docket No. WS-02676A-09-0257

Test Year Ended December 31, 2008

FINAL TESTIMONY OF GERALD BECKER

TABLE OF CONTENTS TO SCHEDULES :

<u>SCH #</u>	<u>TITLE</u>
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GWB- 2	GROSS REVENUE CONVERSION FACTOR
GWB- 3	RATE BASE - ORIGINAL COST
GWB- 4	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
GWB- 5	RATE BASE ADJUSTMENT #1 - ACCUMULATED DEFERRED INCOME TAXES
GWB- 6	RATE BASE ADJUSTMENT #2 - ADVANCES IN AID OF CONSTRUCTION & CONTRIBUTIONS IN AID OF CONSTRUCTION
GWB- 7	NOT USED
GWB- 8	NOT USED
GWB- 9	NOT USED
GWB- 10	OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED
GWB- 11	SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR
GWB- 12	OPERATING INCOME ADJUSTMENT #1 - RECLASSIFY POWER TO WATER
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GWB- 15	OPERATING INCOME ADJUSTMENT #4 - PROPERTY TAX EXPENSE
GWB- 16	OPERATING INCOME ADJUSTMENT #5 - INCOME TAXES
GWB- 17	OPERATING INCOME ADJUSTMENT #6 - NOT USED
GWB- 18	OPERATING INCOME ADJUSTMENT #7 - CORPORATE EXPENSE ALLOCATION
GWB- 19	OPERATING INCOME ADJUSTMENT #8 - TRANSPORTATION EXPENSE

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 3,516,077	\$ 3,516,077	\$ 3,226,899	\$ 3,226,899
2	Adjusted Operating Income (Loss)	\$ 490,676	\$ 490,676	\$ 479,910	\$ 479,910
3	Current Rate of Return (L2 / L1)	13.96%	13.96%	14.87%	14.87%
4	Required Rate of Return	12.40%	12.40%	9.20%	9.20%
5	Required Operating Income (L4 * L1)	\$ 435,994	\$ 435,994	\$ 296,875	\$ 296,875
6	Operating Income Deficiency (L5 - L2)	\$ (54,683)	\$ (54,683)	\$ (183,035)	\$ (183,035)
7	Gross Revenue Conversion Factor	1.6286	1.6286	1.6549	1.6549
8	Required Revenue Increase (L7 * L6)	\$ (89,061)	\$ (89,061)	\$ (302,902)	\$ (302,902)
9	Adjusted Test Year Revenue	\$ 1,829,976	\$ 1,829,976	\$ 1,829,976	\$ 1,829,976
10	Proposed Annual Revenue (L8 + L9)	\$ 1,740,915	\$ 1,740,915	\$ 1,527,074	\$ 1,527,074
11	Required Increase in Revenue (%)	-4.87%	-4.87%	-16.55%	-16.55%
12	Rate of Return on Common Equity (%)	12.40%	12.40%	9.20%	9.20%

References:

Column [A]: Company Schedule A-1

Column (B): Company Schedule A-1

Column (C): Staff Schedules GWB-2, GWB-3, and GWB-10

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.5727%					
5	Subtotal (L3 - L4)	60.4273%					
6	Revenue Conversion Factor (L1 / L5)	1.654880					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	38.5989%					
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.9680%					
14	Federal Taxable Income (L12 - L13)	93.0320%					
15	Applicable Federal Income Tax Rate (Line 44)	34.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		38.5989%				
<u>Calculation of Effective Property Tax Factor</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	38.5989%					
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%					
21	Property Tax Factor (GWB-15, L24)	1.5860%					
22	Effective Property Tax Factor (L20*L21)		0.9738%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.5727%			
24	Required Operating Income (Schedule GWB-1, Line 5)	\$ 296,875					
25	Adjusted Test Year Operating Income (Loss) (Schedule GWB-10, Line 42)	\$ 479,910					
26	Required Increase in Operating Income (L24 - L25)		\$ (183,035)				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 186,626					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ 301,688					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ (115,062)				
30	Recommended Revenue Requirement (Schedule GWB-1, Line 10)	\$ 1,527,074					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue (GWB-15, 20)	\$ 82,264					
36	Property Tax on Test Year Revenue (GWB-15, Col A, L16)	\$ 87,068					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ (4,804)				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ (302,902)				
<u>Calculation of Income Tax:</u>							
39	Revenue (Sch GWB-10, Col.(C) L4, GWB-1, Col. (D), L9)	\$ 3,677,232	\$ 1,847,256	\$ 1,829,976	\$ 4,719,450	\$ 3,192,376	\$ 1,527,074
40	Operating Expenses Excluding Income Taxes	\$ 3,049,390	\$ 2,001,012	\$ 1,048,378	\$ 3,065,919	\$ 2,022,345	\$ 1,043,574
41	Synchronized Interest (L58)						
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 627,842	\$ (153,756)	\$ 781,598	\$ 1,653,531	\$ 1,170,031	\$ 483,500
43	Arizona State Income Tax Rate	6.9680%	6.9680%	6.9680%	6.9680%	6.9680%	6.9680%
44	Arizona Income Tax (L42 x L43)	\$ 43,748	\$ (10,714)	\$ 54,462	\$ 115,218	\$ 81,528	\$ 33,690
45	Federal Taxable Income (L42 - L44)	\$ 584,094	\$ (143,042)	\$ 727,137	\$ 1,538,313	\$ 1,088,503	\$ 449,810
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ -	\$ (7,500)	\$ 7,500	\$ 7,500		
47	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ -	\$ (6,250)	\$ 6,250	\$ 6,250		
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ (8,500)	\$ 8,500	\$ 8,500		
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ 74,864	\$ (16,786)	\$ 91,650	\$ 91,650		
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ 133,326	\$ -	\$ 133,326	\$ 409,127		
51	Total Federal Income Tax	\$ 208,190	\$ (39,036)	\$ 247,226	\$ 523,027	\$ 370,091	\$ 152,936
52	Combined Federal and State Income Tax (L44 + L51)	\$ 251,938	\$ (49,750)	\$ 301,688	\$ 638,245	\$ 451,619	\$ 186,626
53	Effective Tax Rate				32.9942%		
54	Effective Tax Rate					33.2207%	
55	Effective Tax Rate						34.0000%
<u>Calculation of Interest Synchronization:</u>							
56	Rate Base (Schedule GWB-3, Col. (C), Line 17)			N/A			
57	Weighted Average Cost of Debt			\$ 3,226,899			
58	Synchronized Interest (L56 X L57)			0.0000%			
				\$ -			

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1 Plant in Service	\$ 11,829,041	\$ -	\$ 11,829,041
2 Less: Accumulated Depreciation	5,110,028	-	5,110,028
3 Net Plant in Service	<u>\$ 6,719,013</u>	<u>\$ -</u>	<u>\$ 6,719,013</u>
<u>LESS:</u>			
4 Contributions in Aid of Construction (CIAC)	\$ 5,376,456	\$ (238,782)	\$ 5,137,674
5 Less: Accumulated Amortization	1,944,057	-	1,944,057
6 Net CIAC	<u>3,432,399</u>	<u>(238,782)</u>	<u>3,193,617</u>
7 Advances in Aid of Construction (AIAC)	(861)	238,782	237,921
8 Imputed Reg AIAC	-	-	-
9 Imputed Reg CIAC	-	-	-
10 Deferred Income Tax Credits (Debits)	(323,602)	289,179	(34,423)
Customer Meter Deposits	95,000		95,000
<u>ADD:</u>			
11 Cash Working Capital	-	-	-
12 Prepayments	-	-	-
13 Supplies Inventory	-	-	-
14 Projected Capital Expenditures	-	-	-
15 Deferred Debits	-	-	-
16 Purchase Wastewater Treatment Charges	-	-	-
17 Original Cost Rate Base	<u>\$ 3,516,077</u>	<u>\$ (289,179)</u>	<u>\$ 3,226,899</u>

References:

Column (A), Company Schedule B-2
Column (B): Schedule GWB-4
Column (C): Column (A) + Column (B)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 GWB-5	[C] ADJ #2 GWB-6	[F] STAFF ADJUSTED
<u>PLANT IN SERVICE:</u>						
1	351	Organization	\$ 5,785			\$ 5,785
2	352	Franchises	417			417
3	353	Land	7,545			7,545
4	354	Structures & Improvements	28,548			28,548
5	355	Power Generation	-			-
6	360	Collection Sewer Forced	636,023			636,023
7	361	Collection Sewers Gravity	5,945,962			5,945,962
8	362	Special Collecting Structures	-			-
9	363	Customer Services	1,145,530			1,145,530
10	364	Flow Measuring Devices	55,988			55,988
11	365	Flow Measuring Installation	-			-
12	366	Reuse Services	-			-
13	367	Reuse Meters And Installation	-			-
14	370	Receiving Wells	867,120			867,120
15	371	Pumping Equipment	1,504,181			1,504,181
16	374	Reuse Distribution Reservoirs	-			-
17	375	Reuse Trans. and Dist. System	-			-
18	380	Treatment & Disposal Equipment	1,006,848			1,006,848
19	381	Plant Sewers	-			-
20	382	Outfall Sewer Lines	-			-
21	389	Other Sewer Plant & Equipment	68,869			68,869
22	390	Office Furniture & Equipment	110,454			110,454
23	390.1	Computers and Software	4,025			4,025
24	391	Transportation Equipment	-			-
25	392	Stores Equipment	-			-
26	393	Tools, Shop And Garage Equip	4,897			4,897
27	394	Laboratory Equip	-			-
28	396	Communication Equip	5,936			5,936
29	398	Other Tangible Plant	3,913			3,913
30	398	Nogales WW Trmnt Capacity	427,000			427,000
31						-
32		Total Plant in Service	<u>11,829,041</u>	<u>-</u>	<u>-</u>	<u>11,829,041</u>
33						
34		Accumulated Depreciation	5,110,028			5,110,028
35		Net Plant in Service (L58 - L 59)	<u>\$ 6,719,013</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,719,013</u>
36						
37		<u>LESS:</u>				
38		Contributions in Aid of Construction (CIAC)	\$ 5,376,456		\$ (238,782)	\$ 5,137,674
39		Less: Accumulated Amortization	1,944,057	-	-	1,944,057
40		Net CIAC (L63 - L64)	<u>3,432,399</u>	-	<u>(238,782)</u>	<u>3,193,617</u>
41		Advances in Aid of Construction (AIAC)	(861)	-	238,782	237,921
42		Imputed Reg Advances	-	-	-	-
43		Imputed Reg CIAC	-	-	-	-
44		Deferred Income Tax Credits (Debits)	(323,602)	289,179	-	(34,423)
45		Customer Meter Deposits	95,000			95,000
46		<u>ADD:</u>				
47		Working Capital Allowance	-	-	-	-
48		Pumping Power	-	-	-	-
49		Purchase Wastewater Treatment Charges	-	-	-	-
50		Material and Supplies Inventory	-	-	-	-
51		Prepayments	-	-	-	-
52		Projected Capital Expenditures	-	-	-	-
53		Deferred Debits	-	-	-	-
54		Original Cost Rate Base	<u>\$ 3,516,077</u>	<u>\$ (289,179)</u>	<u>\$ -</u>	<u>\$ 3,226,899</u>

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB- 5
FINAL

RATE BASE ADJUSTMENT #1 - ACCUMULATED DEFERRED INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY AS <u>FILED</u>	[B] STAFF <u>ADJUSTMENTS</u>	[C] STAFF AS <u>ADJUSTED</u>
1	At December 31, 2008	\$ (323,602)	\$ 289,179	\$ (34,423)
2		<u>\$ (323,602)</u>	<u>\$ 289,179</u>	<u>\$ (612,781)</u>

REFERENCES:

Columns [A]: Company schedules
Column [B]: Column [C] less Column [A]
Column [C]: See testimony GWB

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB - 6
FINAL

RATE BASE ADJUSTMENT #2 - ADVANCES IN AID OF CONSTRUCTION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	AIAC	\$ (861)	\$ 238,782	\$ 237,921
2	CIAC	\$ 5,376,456	\$ (238,782)	\$ 5,137,674

References:

Column [A]: Amounts included in plant balances per filing.

Column [B]: Per Testimony GWB

Column [C]: Column [A] less Column [B]

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
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Schedules GWB - 7, 8, & 9
FINAL

Schedules GWB-7, -8, & -9 NOT USED

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF RECOMMENDED CHANGES	[E] STAFF RECOMMENDED
1	Water Revenues	\$ 1,829,726	\$ -	\$ 1,829,726	\$ (302,902)	\$ 1,526,824
2	Other Revenues	250	-	250	-	250
3	Other	-	-	-	-	-
4	Total Operating Revenues	\$ 1,829,976	\$ -	\$ 1,829,976	\$ (302,902)	\$ 1,527,074
5	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water and WW Treatment	-	-	-	-	-
7	Sludge Removal Expense	-	-	-	-	-
8	Purchased Power	17,426	48,005	65,431	-	65,431
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	9,644	-	9,644	-	9,644
11	Materials and Supplies	14,304	-	14,304	-	14,304
12	Contractual Services	298,008	(32,083)	265,925	-	265,925
13	Contractual Services- Testing	-	-	-	-	-
14	Contractual Services - Other	175,196	-	175,196	-	175,196
15	Contractual Services - Legal	367	-	367	-	367
16	Equipment Rental	25,781	-	25,781	-	25,781
17	Rents - Building	-	-	-	-	-
18	Transportation Expenses	26,817	(2,242)	24,575	-	24,575
19	Insurance - General Liability	12,021	-	12,021	-	12,021
20	Insurance - Vehicle	-	-	-	-	-
21	Regulatory Commission Expense	994	-	994	-	994
22	Reg. Comm. Exp. - Rate Case	41,667	-	41,667	-	41,667
23	Miscellaneous Expense	155	-	155	-	155
24	Bad Debt Expense	64,087	-	64,087	-	64,087
25	Depreciation and Amortization	252,672	8,491	261,163	-	261,163
26	Taxes Other Than Income	-	-	-	-	-
27	Property Taxes	91,705	(4,637)	87,068	(4,804)	82,264
28	Income Tax	308,456	(6,768)	301,688	(115,062)	186,626
29						
30	Total Operating Expenses	\$ 1,339,300	\$ 10,766	\$ 1,350,066	\$ (119,866)	\$ 1,230,200
31	Operating Income (Loss)	\$ 490,676	\$ (10,766)	\$ 479,910	\$ (183,035)	\$ 296,875

References:

Column (A): Company Schedule C-1

Column (B): Schedule GWB 11

Column (C): Column (A) + Column (B)

Column (D): Schedules GWB 2, Lines 29 and 37

Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Purchased Power ADJ #1 GWB-12	[C] Depreciation Exp. ADJ #2 GWB-13	[D] Foreign Exchange ADJ #3 GWB-12	[E] Property Taxes ADJ #4 GWB-15	[F] Income Taxes ADJ #5 GWB-16	[G] Rate Case ADJ #6 GWB-17	[H] Corporate Allocation ADJ #7 GWB-18	[I] Trans Exp. ADJ #8 GWB-19	[J] STAFF ADJUSTED
1	Water Revenues	\$ 1,829,726	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,829,726
2	Other Revenues	250	-	-	-	-	-	-	-	-	250
3	Other	-	-	-	-	-	-	-	-	-	-
4	Total Operating Revenues	\$ 1,829,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,829,976
5	Salaries and Wages	-	-	-	-	-	-	-	-	-	-
6	Purchased Water and WW Treatment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	-
7	Sludge Removal Expense	-	-	-	-	-	-	-	-	-	-
8	Purchased Power	17,426	48,005	-	-	-	-	-	-	-	65,431
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	9,644	-	-	-	-	-	-	-	-	9,644
11	Materials and Supplies	14,304	-	-	-	-	-	-	-	-	14,304
12	Contractual Services	298,008	-	-	-	-	-	-	(32,083)	-	265,925
13	Contractual Services- Testing	-	-	-	-	-	-	-	-	-	-
14	Contractual Services - Other	175,196	-	-	-	-	-	-	-	-	175,196
15	Contractual Services - Legal	367	-	-	-	-	-	-	-	-	367
16	Equipment Rental	25,781	-	-	-	-	-	-	-	-	25,781
17	Rents - Building	-	-	-	-	-	-	-	-	-	-
18	Transportation Expenses	26,817	-	-	-	-	-	-	-	(2,242)	24,575
19	Insurance - General Liability	12,021	-	-	-	-	-	-	-	-	12,021
20	Insurance - Vehicle	-	-	-	-	-	-	-	-	-	-
21	Regulatory Commission Expense	994	-	-	-	-	-	-	-	-	994
22	Reg.Comm. Exp. - Rate Case	41,667	-	-	-	-	-	-	-	-	41,667
23	Miscellaneous Expense	155	-	-	-	-	-	-	-	-	155
24	Bad Debt Expense	64,087	-	-	-	-	-	-	-	-	64,087
25	Depreciation and Amortization	252,672	-	8,491	-	-	-	-	-	-	261,163
26	Taxes Other Than Income	-	-	-	-	-	-	-	-	-	-
27	Property Taxes	91,705	-	-	-	(4,637)	-	-	-	-	87,068
28	Income Tax	308,456	-	-	-	-	(6,768)	-	-	-	301,688
29		-	-	-	-	-	-	-	-	-	-
30		-	-	-	-	-	-	-	-	-	-
31	Total Operating Expenses	\$ 1,339,300	\$ 48,005	\$ 8,491	\$ -	\$ (4,637)	\$ (6,768)	\$ -	\$ (32,083)	\$ (2,242)	\$ 1,350,066
32	Operating Income (Loss)	\$ 490,676	\$ (48,005)	\$ (8,491)	\$ -	\$ 4,637	\$ 6,768	\$ -	\$ 32,083	\$ 2,242	\$ 479,910

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
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Schedule GWB-12
FINAL

OPERATING INCOME ADJUSTMENT #1 - RECLASSIFY POWER TO WATER

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Purchased Power	<u>\$ 17,426</u>	<u>\$ 48,005</u>	<u>\$ 65,431</u>

References:

Column (A), Company Schedule C-1
Column (B): Testimony GWB
Column (C): Column (A) + Column (B)

OPERATING INCOME ADJUSTMENT #2- DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	DESCRIPTION	[A] PLANT BALANCE	[B] DEPRECIATION RATE	[C] DEPRECIATION EXPENSE
1		<u>PLANT IN SERVICE:</u>			
2	351	Organization	5,785	0.00%	-
3	352	Franchises	417	0.00%	-
4	353	Land	7,545	0.00%	-
5	354	Structures & Improvements	28,548	3.33%	951
6	355	Power Generation	-	5.00%	-
7	360	Collection Sewer Forced	636,023	2.00%	12,720
8	361	Collection Sewers Gravity	5,945,962	2.00%	118,919
9	362	Special Collecting Structures	-	2.00%	-
10	363	Customer Services	1,145,530	2.00%	22,911
11	364	Flow Measuring Devices	55,988	10.00%	5,599
12	365	Flow Measuring Installation	-	10.00%	-
13	366	Reuse Services	-	2.00%	-
14	367	Reuse Meters And Installation	-	8.33%	-
15	370	Receiving Wells	867,120	3.33%	28,875
16	371	Pumping Equipment	1,504,181	12.50%	188,023
17	374	Reuse Distribution Reservoirs	-	2.50%	-
18	375	Reuse Trans. and Dist. System	-	2.50%	-
19	380	Treatment & Disposal Equipment	1,006,848	5.00%	50,342
20	381	Plant Sewers	-	5.00%	-
21	382	Outfall Sewer Lines	-	3.33%	-
22	389	Other Sewer Plant & Equipment	68,869	6.67%	4,594
23	390	Office Furniture & Equipment	110,454	6.67%	7,367
24	390.1	Computers and Software	4,025	20.00%	805
25	391	Transportation Equipment	-	20.00%	-
26	392	Stores Equipment	-	4.00%	-
27	393	Tools, Shop And Garage Equip	4,897	5.00%	245
28	394	Laboratory Equip	-	10.00%	-
29	396	Communication Equip	5,936	10.00%	594
30	398	Other Tangible Plant	3,913	0.00%	-
31	398	Nogales WW Trmnt Capacity	427,000	4.72%	20,154
32		Total Plant in Service	11,829,041	3.91%	462,099
33					
34					
35		Less Non Depreciable Plant			
36	351	Organization	5,785	0.00%	-
37	352	Franchises	417	0.00%	-
38	353	Land	7,545	0.00%	-
39					
40		Net Depreciable Plant and Depreciation Amounts	\$ 11,815,295		\$ 462,099
41		Composite Depreciation Rate		3.91%	
42		Less			
43		Amortization of Regulatory CIAC at Settlement Rate			-
44		Amortization of CIAC at Composite Rate	\$ 5,137,674		\$ 200,935
45		Staff Recommended Depreciation Expense			\$ 261,163
46		Company Proposed Depreciation Expense			252,672
47		Staff Adjustment			\$ 8,491

References:

Col A	Schedule GWB-4
Col B	Proposed Rates per Staff Engineering Report for Non Allocated Plant
Col C	Col [A] times Col [B]

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
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Schedule GWB-14
FINAL

OPERATING INCOME ADJUSTMENT #3 - NOT USED

OPERATING INCOME ADJUSTMENT #4 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 1,829,976	\$ 1,829,976
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,659,952	3,659,952
4	Staff Recommended Revenue	1,829,976	1,527,074
5	Subtotal (Line 4 + Line 5)	5,489,928	5,187,026
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,829,976	1,729,009
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,659,952	3,458,017
10	Plus: 10% of CWIP - 2008		
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,659,952	3,458,017
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	768,590	726,184
15	Composite Property Tax Rate - Obtained from ADOR	11.33%	11.33%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 87,068	
17	Company Proposed Property Tax	\$ 91,705	
18	Staff Test Year Adjustment (Line 16 - Line 17)	<u>\$ (4,637)</u>	
19	Property Tax on Staff Recommended Revenue (Line 14 * Line 15)		\$ 82,264
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 87,068
21	Increase in Property Tax Due to Increase in Revenue Requirement		<u>\$ (4,804)</u>
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$ (4,804)
23	Increase in Revenue Requirement		\$ (302,902)
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.58596%

REFERENCES:

Line 15: Composite Tax Rate obtained from Arizona Department of Revenue
Line 17: Company Schedule C-1, Line 27
Line 21: Line 19 - Line 20
Line 23: Schedule GWB-1, Line 8

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
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Schedule GWB-16
FINAL

OPERATING INCOME ADJUSTMENT #5 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Taxes	\$ 308,456	\$ (6,768)	\$ 301,688

References:

Column (A), Company Schedule C-2
Column (B): Testimony GTM
Column (C): Column (A) + Column (B)

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
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Schedule GWB-17
FINAL

OPERATING INCOME ADJUSTMENT #6 - NOT USED

OPERATING INCOME ADJUSTMENT #7 - CORPORATE EXPENSE ALLOCATION

LINE NO.		[A] Corporate Costs As Filed Total Budget 2008	[B] Per DR 4.2 Total Actual \$ 2,008	[C] Rio Rico Total Budget 2008	[D] Total Actual 2008
1	Audit	507,000	1,021,609	17,672	35,608
2	Tax Services	265,000	322,446	9,237	11,239
3	Legal	300,000	767,451	10,457	26,750
4	Other Professional Services	455,000	565,649	15,859	22,404
5	Management Fee - Total	636,619	642,771	22,190	10,101
6	Unit Holder Communications	314,100	289,796	10,948	4,496
7	Trustee Fees	204,000	129,000	7,110	4,496
8	Escrow & Transfer Agent Fees	75,000	71,366	2,614	2,487
9	Rent	430,739	299,586	15,014	10,442
10	Licenses/Fees & Permits	305,000	140,852	10,631	4,909
11	Office Expenses	254,000	808,101	8,853	28,167
12	Depreciation	204,242	211,253	7,119	7,363
13					
14	Total Admin Costs	3,950,700	5,269,882	137,703	168,464
15					
16	Variance from Budget		1,319,182		30,761
17					
18	Total Amount Charged in case		137,703		
19					
20	Percentage		3.49%		

	[E] Total Actuals 2008	[F] Disallowance Amount	[G] Costs Allocable to APIF	[H] Allowable Common costs to 70 Companies	[I] Allocation (1/70)	[J] Cost to be Allocated to Rio Rico	[K] Amount in Filing	[L] Adjustment	Note
26	Staff Disallowances								
27	Audit	1,021,609		(919,448)	91,945	1.43%	1,313	17,672	(16,358)
28	Tax Services	322,446	190,849	(118,437)	11,844	1.43%	169	9,237	(9,067) (1)
29	Legal	767,451	10,457	(681,295)	68,130	1.43%	973	10,457	(9,483) (2)
30	Other Professional Services	565,649	-	(565,649)	-	1.43%	-	15,859	(15,859) (3)
31	Management Fee - Total	642,771		(642,771)	-	1.43%	-	22,190	(22,190)
32	Unit Holder Communications	289,796		(289,796)	-	1.43%	-	10,948	(10,948)
33	Trustee Fees	129,000		(129,000)	-	1.43%	-	7,110	(7,110)
34	Escrow & Transfer Agent Fees	71,366		(71,366)	-	1.43%	-	2,614	(2,614)
35	Rent	299,586		(299,586)	-	1.43%	-	15,014	(15,014)
36	Licenses/Fees & Permits	140,852	140,852	(140,852)	-	1.43%	-	10,631	(10,631) (4)
37	Office Expenses	808,101		(808,101)	-	1.43%	-	8,853	(8,853)
38	Depreciation	211,253		(190,128)	19,013	1.43%	272	7,119	(6,847)
39									
40	Total Admin Costs	5,269,882	342,158	(4,856,431)	190,931		2,728	137,703	(134,975)
41									
42									
43									
44	References:								
45	Column (A): Company Schedule C-2 Based on \$3.95 M								
46	Column (B): Company Response to DR GWB 4.2 Based on \$5.27 M								
47	Column (C): Company's Original Estimate of allocated cost,								
48	based on Budget, per filing								
49	Column (D): Company's Revised Original Estimate of allocated costs,								
50	based on 2008 Actuals, per Company Response to DR GWB 4.2								
51	Column (E): Staff Recommended Disallowance								
52	Column (F): Company Revised amount subject to allocation,								
53	less Staff Recommended disallowance								
54	Column (G): Per testimony GWB, Staff's estimate of common								
55	costs benefiting unregulated parties								
56	Column (H): Rio Rico is 1 of 70 companies held by the parent (APIF)								
57	Column (I): Total amount allocable to Infrastructure								
58	Column (J): Per Company response to Staff DR 4.2, Based on Budget Amounts								
59	Column (K): Total amount allocable to Infrastructure								

Note:

- (1) Cost specific to Canadian Tax Service
- (2) No indication on ledger that costs benefitted AZ
- (3) This account is used mostly for business development
- (4) Account used for charity, entertainment, etc

Restated amounts:	As Filed	Staff Recomm.	Can \$ Adjustment	US \$ Adj.
Water	\$ 102,960	\$ 2,039	\$ (100,921)	\$ (95,067)
Wastewater	\$ 34,747	\$ 688	\$ (34,059)	\$ (32,083)
Total	\$ 137,707	\$ 2,728	\$ (134,979)	\$ (127,150)

Per Direct Testimony:				
Water	102,960	1,363	(101,597)	(95,704)
Wastewater	34,747	460	(34,287)	(32,298)
Total	137,707	1,823	(135,884)	(128,002)

Adjustment to be made in Surrebuttal:	Can \$	US \$
Water	102,960	676
Wastewater	34,747	228
Total	137,707	904

Note: At 'the last minute', Staff noted a minor computational error whereby the allocations to Water and Wastewater should have been \$2,039 and \$688, respectively, for a total of \$2,728, instead of the \$1,363 and \$460, respectively, for a total of \$1,823 used in Staff Direct Testimony, for differences of \$676 and \$228, respectively, and a total difference of \$904 (all in Can dollars). The net adjustment, or increase to expenses is \$852 in US dollars, which is not considered material but is corrected in the surrebuttal testimony.

RIO RICO UTILITIES, INC. WASTEWATER DIVISION
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-19
FINAL

OPERATING INCOME ADJUSTMENT #8 - TRANSPORTATION EXPENSE

LINE NO.	DCT IC	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Transportation Expenses	<u>\$ 26,817</u>	<u>\$ (2,242)</u>	<u>\$ 24,575</u>

References:

Column (A), Company Schedule C-2
Column (B): Testimony GWB
Column (C): Column (A) + Column (B)

RIO RICO UTILITIES, INC. WATER & WASTEWATER DIVISIONS
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

RATE DESIGN SCHEDULES

GWB-1 THROUGH GWB-3

RATE DESIGN

Commodity Rates-All Classes	Present Rates		Proposed Rates- Co.		Proposed Rates- Staff	
Monthly Usage Charge-All Class						
5/8" x 3/4" Meter	\$6.45	\$	13.71	\$	11.20	\$
3/4" Meter	\$9.65	\$	20.51	\$	16.80	\$
1" Meter	\$17.10	\$	36.34	\$	28.00	\$
1 1/2" Meter	\$34.70	\$	73.74	\$	56.00	\$
2" Meter	\$54.00	\$	114.75	\$	89.60	\$
3" Meter	\$105.40	\$	223.98	\$	179.20	\$
4" Meter	\$173.50	\$	368.69	\$	280.00	\$
6" Meter	\$321.25	\$	662.66	\$	560.00	\$
8" Meter	\$514.00	\$	1,092.25	\$	896.00	\$
10" Meter	\$745.30	\$	1,583.76	\$	1,288.00	\$
12" Meter	\$1,395.00	\$	2,964.38	\$	2,408.00	\$
Fire Lines						
Up to 8"	6.48		13.77		Per Rule ****	
10"	7.45		15.83		Per Rule ****	
12"	14.00		29.75		Per Rule ****	
Commodity Rates-All Classes						
5/8" x 3/4" Meter						
From 0 to 3,000 gallons	\$ 1.44	\$	2.93	\$	\$1.68	\$
From 3,001 to 9,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 9,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
3/4" Meter						
From 0 to 6,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 6,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
1" Meter						
From 0 to 15,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 15,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
1 1/2" Meter						
From 0 to 20,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 20,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
2" Meter						
From 0 to 57,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 57,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
3" Meter						
From 0 to 57,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 57,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
4" Meter						
From 0 to 57,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 57,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
6" Meter						
From 0 to 125,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 125,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
8" Meter						
From 0 to 125,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 125,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
10" Meter						
From 0 to 125,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 125,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$
12" Meter						
From 0 to 125,000 gallons	\$ 1.70	\$	3.68	\$	\$3.08	\$
Over 125,000 gallons	\$ 1.90	\$	4.18	\$	\$3.83	\$

Service Charges	Service Line	Meter	Total	Service Line	Meter	Total	Service Line	Meter	Total
Service Charges									
Establishment (After Hours)	\$ 15.00			\$ 15.00			\$ 15.00		
Reconnection (Delinquent)	\$ 25.00			\$ 25.00			\$ 25.00		
Reconnection (Delinquent) after hours	\$ 15.00			\$ 15.00			\$ 15.00		
Meter Test (If Correct)	\$ 25.00			\$ 25.00			\$ 25.00		
Deposit	\$ 15.00			\$ 15.00			\$ 15.00		
Deposit Interest	Per Rule*			Per Rule*			Per Rule*		
Re-Establishment (Within 12 Months)	Per Rule**			Per Rule**			Per Rule**		
NSF Check	\$ 15.00			\$ 15.00			\$ 15.00		
Meter Re-Read (If Correct)	N/A			\$ 20.00			\$ 20.00		
Late Payment Penalty	N/A			1.5% / Mo.			1.5% / Mo.		
Deferred Payment***	N/A			1.5% per month			1.5% per month		
Moving Meter at customer request	N/A			At Cost			At Cost		
Service Calls Per Hour/After hours	N/A			\$ 40.00			\$ 40.00		
Service Line and Meter Installation Charges									
5/8" x 3/4" Meter	\$ 370.00	\$ 130.00	\$ 500.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3/4" Meter	\$ 370.00	\$ 205.00	\$ 575.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
1" Meter	\$ 420.00	\$ 240.00	\$ 660.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
1 1/2" Meter	\$ 450.00	\$ 450.00	\$ 900.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
2" Meter	\$ 580.00	\$ 1,640.00	\$ 2,220.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
3" Meter	\$ 765.00	\$ 2,195.00	\$ 2,960.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
4" Meter	\$ \$1,120.00	\$ 3,145.00	\$ 4,265.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
6" Meter	\$ 1,630.00	\$ 3,120.00	\$ 4,750.00	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
8" Meter	N/A	N/A	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
10" Meter	N/A	N/A	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
12" Meter	N/A	N/A	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
Off-Site Facilities Hook-up Fee									
5/8" x 3/4" Meter	N/A		\$ 1,800.00	\$	-		\$	-	
3/4" Meter	N/A		\$ 2,700.00	\$	-		\$	-	
1" Meter	N/A		\$ 4,500.00	\$	-		\$	-	
1 1/2" Meter	N/A		\$ 9,000.00	\$	-		\$	-	
2" Meter	N/A		\$ 14,400.00	\$	-		\$	-	
3" Meter	N/A		\$ 28,800.00	\$	-		\$	-	
4" Meter	N/A		\$ 45,000.00	\$	-		\$	-	
6" Meter or Larger	N/A		\$ 90,000.00	\$	-		\$	-	

* Per Commission Rules (R14-2-403 B)
 ** Months of system times the minimum (R14-2-403 D)
 *** Per Commission Rules (R14-2-409 G)
 **** 2.00% of the monthly minimum for a comparable sized meter connection but not less than \$10.00 per month.
 The service charge for the sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Rio Rico Utilities, Inc.- Water Division
Docket No. WS-02676A-09-0257
Test Year Ended December 31, 2008

Schedule GWB-2
FINAL

TYPICAL BILL ANALYSIS Residential 5/8 X 3/4 - Inch Meter

Average Number of Customers: 5745

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	8,548	\$19.94	\$42.17	\$22.23	111.5%
Median Usage	7,000	\$17.31	\$36.47	\$19.16	110.7%
<u>Staff Recommend</u>					
Average Usage	8,548	\$19.94	\$33.33	\$13.39	67.2%
Median Usage	7,000	\$17.31	\$28.56	\$11.25	65.0%

Present & Proposed Rates (Without Taxes) Residential 5/8 X 3/4 - Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$6.45	\$13.71	112.6%	\$11.20	73.6%
1,000	7.89	16.64	110.9%	12.88	63.2%
2,000	9.33	19.57	109.8%	14.56	56.1%
3,000	10.77	22.50	108.9%	16.24	50.8%
4,000	12.21	25.43	108.3%	19.32	58.2%
5,000	13.91	29.11	109.3%	22.40	61.0%
6,000	15.61	32.79	110.1%	25.48	63.2%
7,000	17.31	36.47	110.7%	28.56	65.0%
8,000	19.01	40.15	111.2%	31.64	66.4%
9,000	20.71	43.83	111.6%	34.72	67.6%
10,000	22.41	47.51	112.0%	38.14	70.2%
15,000	31.91	68.41	114.4%	55.24	73.1%
20,000	41.41	89.31	115.7%	72.34	74.7%
25,000	50.91	110.21	116.5%	89.44	75.7%
50,000	98.41	214.71	118.2%	174.94	77.8%
75,000	145.91	319.21	118.8%	260.44	78.5%
100,000	193.41	423.71	119.1%	345.94	78.9%
125,000	240.91	528.21	119.3%	431.44	79.1%
150,000	288.41	632.71	119.4%	516.94	79.2%
175,000	335.91	737.21	119.5%	602.44	79.3%
200,000	383.41	841.71	119.5%	687.94	79.4%

RATE DESIGN

Monthly Usage Charge-All Class	Present Rates	Proposed Rates- Co.	Proposed Rates- Staff
5/8" x 3/4" Meter	\$56.36	\$ 53.65	\$ 47.03
3/4" Meter	\$64.27	\$ 61.19	\$ 53.63
1" Meter	\$79.40	\$ 75.59	\$ 66.26
1 1/2" Meter	\$117.24	\$ 111.61	\$ 97.83
2" Meter	\$162.62	\$ 154.81	\$ 135.70
3" Meter	\$283.80	\$ 269.70	\$ 236.40
4" Meter	\$419.91	\$ 399.75	\$ 350.40
6" Meter	\$797.96	\$ 759.66	\$ 665.86
8" Meter	\$1,252.11	\$ 1,192.01	\$ 1,044.93
10" Meter	\$1,781.93	\$ 1,696.40	\$ 1,487.08
12" Meter	\$3,295.77	\$ 3,137.57	\$ 2,411.50
Fire Lines			
Up to 8"	6.48	13.77	Per Rule ****
10"	7.45	15.83	Per Rule ****
12"	14.00	29.75	Per Rule ****
Commodity Rates-Commercial & Multi-Tenant Only			
From 0 to 7,000 gallons	\$ -	\$ -	\$0.00
Over 7,000 gallons	\$ 5.71	\$ 5.44	\$4.59
Service Charges			
Establishment	\$ 15.00	\$ 15.00	\$ 15.00
Establishment (After Hours)	\$ 25.00	\$ 25.00	\$ 25.00
Reconnection (Delinquent)	\$ 15.00	\$ 15.00	\$ 15.00
Reconnection (Delinquent) after hours	\$ 25.00	\$ 25.00	\$ 25.00
Meter Test (if Correct)	\$ 15.00	\$ 15.00	\$ 15.00
Deposit	Per Rule*	Per Rule*	Per Rule*
Deposit Interest	Per Rule*	Per Rule*	Per Rule*
Re-Establishment (Within 12 Months)	Per Rule**	Per Rule**	Per Rule**
NSF Check	\$ 15.00	\$ 15.00	\$ 15.00
Late Payment Penalty	N/A	1.5% / Mo.	1.5% / Mo.
Deferred Payment	N/A	1.5% per month	1.5% per month
Service Calls-Per Hour/After hours	N/A	40.00	40.00

RATE DESIGN

Service Line and Meter Installation Charges Service Line Size	Service	Meter	Total		Total		Total
4" Meter			\$ 500.00		At Cost		At Cost
6" Meter			\$ 650.00		At Cost		At Cost
8" Meter			\$ 800.00		At Cost		At Cost
10" Meter			\$ 1,000.00		At Cost		At Cost
12" Meter			\$ 1,200.00		At Cost		At Cost
Off-Site Facilities Hook-up Fee Per Equivalent Residential Unit (defined as being based on 320 gallons per day)	N/A		\$ 1,800.00			\$ -	

* Per Commission Rules (R14-2-403.B)
** Months off system times the minimum (R14-2-403.D)
*** Not used
**** 2.00% of the monthly minimum for a comparable sized meter connection but not less than \$10.00 per month.
The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.